federal register

Friday
March 20, 1981

Part V

Department of Energy

National Energy Plan; Public Hearings

DEPARTMENT OF ENERGY

Public Hearings on National Energy Plan

AGENCY: Department of Energy.

ACTION: Notice of public hearings on national energy plan.

SUMMARY: In accordance with Section 801 of the Department of Energy Organization Act (Pub. L. 95–91), the Department of Energy (DOE) is beginning to prepare the third biennial National Energy Plan (NEP–III), currently scheduled to be submitted to the Congress in June, 1981. In order to have the benefit of a broad range of public viewpoints in the development of NEP–III, DOE will hold a series of public hearings throughout the Nation. Listed below are the dates and location of the hearings, and regional contacts.

Public Hearings on NEP–III

April 13, 1981 (Monday)—Holiday Inn—Golden Gateway, 1500 Van Ness Avenue, San Francisco, California 94109: Contact Dale Crook, 415–764–7027

April 14, 1981 (Tuesday)—Hyatt Regency—Dallas, 300 Reunion, Dallas, Texas 75207: Contact Grace Morrison, 214–767–7741

April 15, 1981 (Wednesday)—Richard B. Russell Fed. Bldg. & U.S. Courthouse (L. D. Strom Auditorium) 75 Spring S.W., Atlanta, Georgia 30303: Contact David R. Alaniz 404–881–2837

April 15, 1981 (Wednesday)—Plaza Cosmopolitan, 1780 Broadway, Denver, Colorado 80202: Contact Tim Ahern, 303–234–2420

April 16, 1981 (Thursday)—Gardner Auditorium, State House, Boston, Massachusetts 02133: Contact Hugh Saussey, Jr., Deputy Regional Rep., 617–223–5207

April 17, 1981 (Friday)—U.S. Department of Energy, Forrestal Building, Room GE–086, 1000 Independence Ave. SW., Washington, D.C. 20585: Contact Liz Overstreet, 202–252–6480

April 17, 1981 (Friday)—Hyatt Regency Kansas City, 2345 McGee Street, Regency Chicago Room, Kansas City, Missouri 64108: Contact James L. Maas, 816–374–2061

Hearings will begin at 9 a.m. At each of these hearings, the opening morning session will include introductory remarks and a brief discussion by a panel of participants from the region, followed by questions by the Federal panel.

The balance of the day will be devoted to presentations by individual citizens and by representatives of groups and organizations. Persons desiring to speak should register in advance by writing or by calling the appropriate hearing contact, who will schedule the presentations. Those who register in advance will be heard first. Those present at the hearing who desire to speak but who have not preregistered will be accommodated if time permits. Verbatim transcripts will be made of all sessions.

For the purpose of stimulating and focusing discussion at these hearings, DOE staff have prepared a short working paper which is appended to this Notice. There is no requirement, however, that presentations or discussions at the meeting be limited to the subject matter of this document. Single copies of the working paper will be available on *Monday, March 23* and may be obtained free of charge from: DOE Press Room, Forrestal Building, Room 1E–218, 1000 Independence Avenue SW., Washington, D.C. 20585; Phone: 202–252–5575.

Further information and copies of the working paper also may be obtained from the DOE Regional Offices:

Deputy Regional Representative, Region I, U.S. Department of Energy, Analex Building, Room 700, 150 Causeway Street, Boston, Massachusetts 02114; Phone: 617–223–3701

Deputy Regional Representative, Region II, U.S. Department of Energy, 26 Federal Plaza, Room 3206, New York, New York 10007; Phone: 212–264–4780

Deputy Regional Representative, Region III, U.S. Department of Energy, 1421 Cherry Street, Philadelphia, Pennsylvania 19102; Phone: 215–597–3890

Deputy Regional Representative, Region IV, U.S. Department of Energy, 1655 Peachtree Street, NE, Eighth Floor, Atlanta, Georgia 30309; Phone: 404–881–2837

Deputy Regional Representative, Region V, U.S. Department of Energy, 175 West Jackson Boulevard, Room A–333, Chicago, Illinois 60604; Phone: 312–353–0540

Deputy Regional Representative, Region VI, U.S. Department of Energy, 2626 West Mockingbird Lane, P.O. Box 35228, Dallas, Texas 75235; Phone: 214–767–7741

Deputy Regional Representative, Region VII, U.S. Department of Energy, 324 East Eleventh Street, Kansas City, Missouri 64104; Phone: 816–376–2061

Deputy Regional Representative, Region VIII, U.S. Department of Energy, 1075 South Yukon Street, P.O. Box 26247, Belmar Branch, Lakewood, Colorado 80226; Phone: 303–234–2420

Deputy Regional Representative, Region IX, U.S. Department of Energy, 333 Market Street, San Francisco, California 94105; Phone: 415–764–7035

Deputy Regional Representative, Region X, U.S. Department of Energy, 1992 Federal Building, 915 Second Avenue, Seattle, Washington 98174; Phone: 206–442–7285

Copies of the working paper may also be obtained from the hearing contacts and at the hearings.

The staff working paper is not intended to constitute a draft National Energy Plan. It appears at the end of this **Federal Register** Notice and has been written with the intent to stimulate public comment and recommendations that can be used to shape the final NEP–III plan and report.

Procedures for Participation

Written Comment. Interested persons are invited to submit to the address below by May 8, 1981, data, views or recommendations with respect to the next National Energy Plan: Bruce B. Robinson, Associate Director for Policy Integration, Office of Policy, Planning, and Analysis, Department of Energy, 1000 Independence Avenue, SW, Washington, D.C. 20585.

"NEP–III" should be written on the outside of the envelope and on documents submitted.

Any information or data considered confidential by the person furnishing it must be so identified and submitted in writing, one copy only. DOE reserves the right to determine the confidential status of the information or data and to treat the information or data according to its determination.

Public Hearings. Any person or representative of a group of persons may make a written or oral request for an opportunity to make an oral presentation at the public hearings. Such a request should be directed to the address given above for the appropriate hearing contact and in accordance with the procedures set forth below. Requests must be received not later than three working days before the appropriate NEP–III hearing. Written requests should be labeled "NEP–III" both on the document and on the envelope.

It would be helpful if the person making the request would describe briefly the interest concerned, if applicable, state why she or he is a proper representative of the group having such an interest, and give a phone number where she or he may be contacted during working hours.

While an attempt will be made to accommodate all who wish to be heard, it may not be practical to do so, and DOE reserves the right to select the persons to be heard at these hearings, to schedule their respective presentations and to establish the procedures governing the conduct of the hearings. Time allotted to each presentation may be limited, based on the number of persons requesting to be heard.

A presiding officer will be designated to conduct the hearings. These hearings will not be judicial or evidentiary-type hearings. Questions may be asked only by those conducting the hearings. As a rule, oral presentations shall be limited to ten minutes. Any additional testimony may be submitted in writing.

Any further procedural rules needed for the proper conduct of the hearings will be announced by the presiding officer.

Transcripts

Verbatim transcripts of the hearings will be made and the entire record of the hearings, including the transcripts, will be retained by DOE and made available for inspection at DOE's Freedom of Information Office Reading Room, Room 1E–190, Forrestal Building, 1000 Independence Avenue, SW, Washington, D.C. 20585, between the hours of 8:00 a.m. and 4:00 p.m., Monday through Friday. Any person may purchase a copy of the transcript from the reporter.

Issued in Washington, D.C. on March 17, 1981.

Roger W. A. LeGassie,

Acting Director, Policy, Planning, and Analysis.

Public Discussion Package for the Third National Energy Plan

Staff Working Paper

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I. Developing the Third National Energy Plan

The Department of Energy is in the process of preparing for the President, the third biennial National Energy Plan. That plan, required by Title VIII of the Department of Energy Organization Act (Pub. L. 95–91), currently is scheduled to be submitted to the Congress in June, 1981.

In order to have the benefit of a broad range of public viewpoints in the development of the plan, the Department will hold a series of seven public hearings throughout the Nation, during the week of April 13, 1981. The purpose of this paper is to provide background information for those hearings and to stimulate public discussion.

The balance of the paper is divided into three sections. Section II provides a very brief description of the international energy context. Section III describes recent trends and provides projections of energy supply, consumption, and imports through 1990. Developed in November, 1980, those projections are based on existing legislation and on the programs and policies of the previous Administration. The public's views are solicited on the appropriateness of the assumptions which underlie the forecasts.

Section IV lists a set of principles which will guide decisionmaking on energy issues. The public's views are solicited on the appropriateness of these guidelines for energy policy.

II. The International Context

The U.S. energy situation must be seen in the context of the world energy situation if we are to avoid the false starts and misconceptions that have characterized past energy policy. The following data on the world petroleum market set the context for domestic energy policy.

World Petroleum Market

[1979, millions of barrels per day]

	Production	Consumption	Imports (exports)
United States	10	18	8
Middle East	21	2	(19)
Other non-Communist	21	33	12
Communist countries	14	13	(1)
02Total	66	66	

The U.S. must get its domestic energy house in order but, as the data show, energy is clearly an international issue. Contrary to the conventional wisdom, the level of U.S. imports per se has only an indirect bearing on U.S. security and well-being. Given the U.S. position as a world power, we have a vital stake in the economies, and energy supplies, of other free world countries, which cannot be safeguarded simply by a policy of energy self-sufficiency. World petroleum production is, and is likely to remain for some time, concentrated in the Middle East, and so we must prepare ourselves, together with other free world countries, for disruption of supplies in that area, through petroleum stockpiling and other measures.

III. Current Prospects and Problems

Energy

Markets are finally beginning to adjust strongly to the effects of higher energy prices (figure 1).

Growth in consumption of energy in general, and of oil and motor gasoline in particular, is moderating significantly, as conservation measures, brought on by higher prices, begin to take effect (figure 2). The decline in domestic energy production has slowed (figure 3), with gains in coal production and increased drilling for both oil and gas.

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Figure 1. Prices of Domestically Produced Fossil Fuels

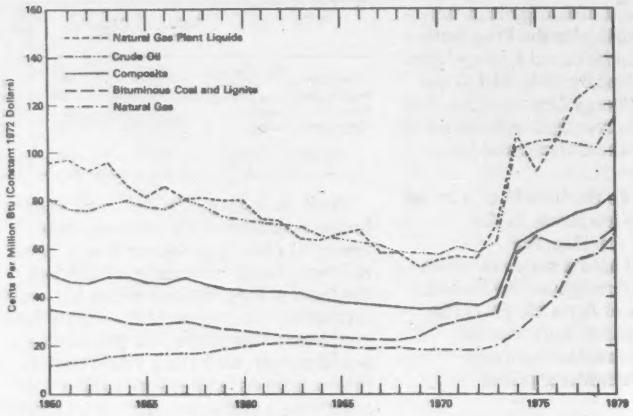


Figure 2. Consumption of Energy by End-Use Sector 1950–1980

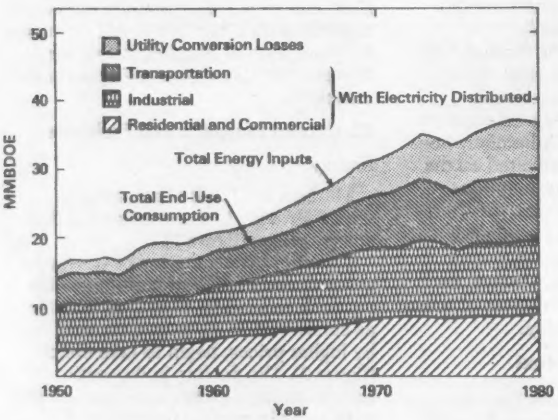
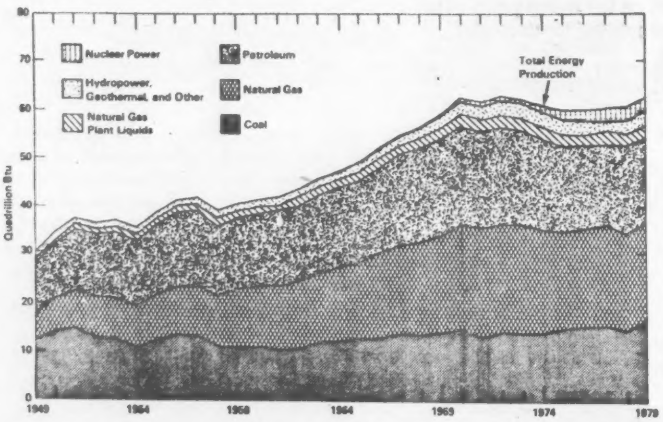


Figure 3. Production of Energy by Type



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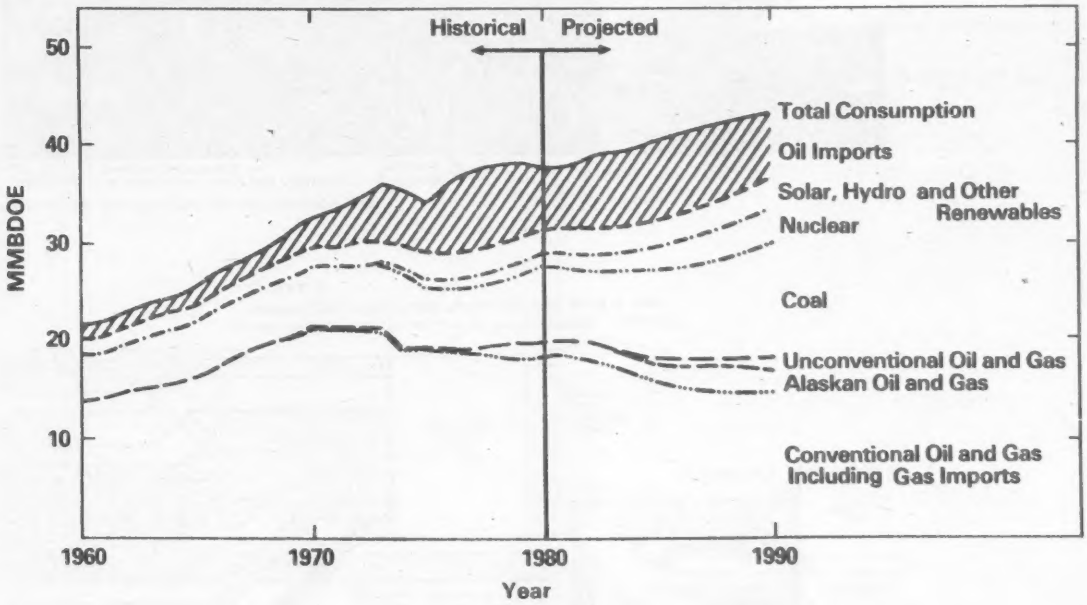
Forecasts of the future are uncertain. Future energy use will depend heavily on future economic activity, notoriously difficult to project with accuracy. And the price at which energy will be available is an important determinant of economic activity. Energy supplies will depend on future developments in geology and technology. Both will depend on, and will help determine, price. Clearly, future policies will have to deal with these uncertainties. Present policies must also recognize the uncertainties. Government policy itself both at home and abroad, will help determine the behavior of energy markets.

To provide the basis for discussion, it is useful to project future energy supply, demand, and price likely to result if government policies were to remain unchanged. Preliminary NEP–III base case projections were prepared in November, 1980. They assume existing legislation and continuation of the previous Administration's energy policies as of that date. As such, they provide a baseline for comparison. But they are *not* forecasts of the future, or even projections of what would happen under the policies of the new Administration.

In the base case, future energy growth is likely to be quite slow (even when compared to forecasts made quite recently), reflecting a variety of influences. For example, forecasts of U.S. economic growth have dropped substantially, in part because of last year's recession. Also, in the wake of the upheavals in the Middle East, prices of oil on the world market in 1990 are likely to be significantly higher than estimated earlier. The base case now assumes that world oil prices will rise to almost $45 per barrel by 1990 (in 1980 dollars), compared with the $25 per barrel assumed just two years ago.

As a result, overall energy consumption is projected to grow at slightly more than one percent per year from 1979 to 1990, well below the two percent per year forecast less than two years ago (figure 4). Total domestic energy production in 1990 also is projected to be lower than projected earlier, at least partially because of continued delays in the completion of new nuclear powerplants.

Figure 4. U.S. Energy Production and Consumption to 1990 (Best Estimate Case)



The reduction in estimates of future consumption is more than enough to offset the reduction in estimates of future production. In the base case, U.S. oil imports are likely to range from 7 to 9 million barrels per day in 1985, and 4 to 8 million barrels per day in 1990. Oil imports are expected to be higher in 1985 than in 1990 because of the long lead-times required to reduce consumption of oil and to increase production of nuclear power and alternative fuels.

Although the overall demand for energy is projected to increase slowly, the mix of sources and uses would change considerably in the next decade in the base case. Oil, which provided 43 percent of the Nation's energy needs in 1979, would provide only about 35 percent in 1990. Coal use would increase from 19 percent to 27 percent of total energy use, with smaller increases in nuclear power and renewable resources.

Conservation would permit overall energy use in the residential and commercial sectors to remain about the same. Use of energy for transportation would decline significantly, permitting significant increases in energy use—and

thus substantially increased economic activity—in the increasingly efficient industrial sector (compare figures 5, 6, and 7).

This represents some progress in de-linking economic growth from energy consumption. Prior to the oil price explosion of 1973–1974, every percent increase in gross national product (GNP, a measure of economic activity) was accompanied by a similar increase in energy use. Since 1974, that energy growth-too-GNP growth ratio has dropped to about 0.5, and is expected to remain below 0.5 throughout the forecast period. This means that the effects of price changes and of conservation measures will have reduced total energy consumption in 1990 about 20 percent below what would have been required for the same level of economic activity had the old ratio continued.

Environmental Quality

The projections of base case environmental trends (figure 8) are based on the base case energy projections.

There will be significant improvement in some areas. At the national level, emissions of total suspended particulates (approximately 40 percent of which are emitted by energy sources) are projected to decline by 33 percent between 1975 and 1990. Hydrocarbons and carbon monoxide, which are produced primarily by transportation sources, are projected to decline 28 percent and 45 percent respectively over the same time period.

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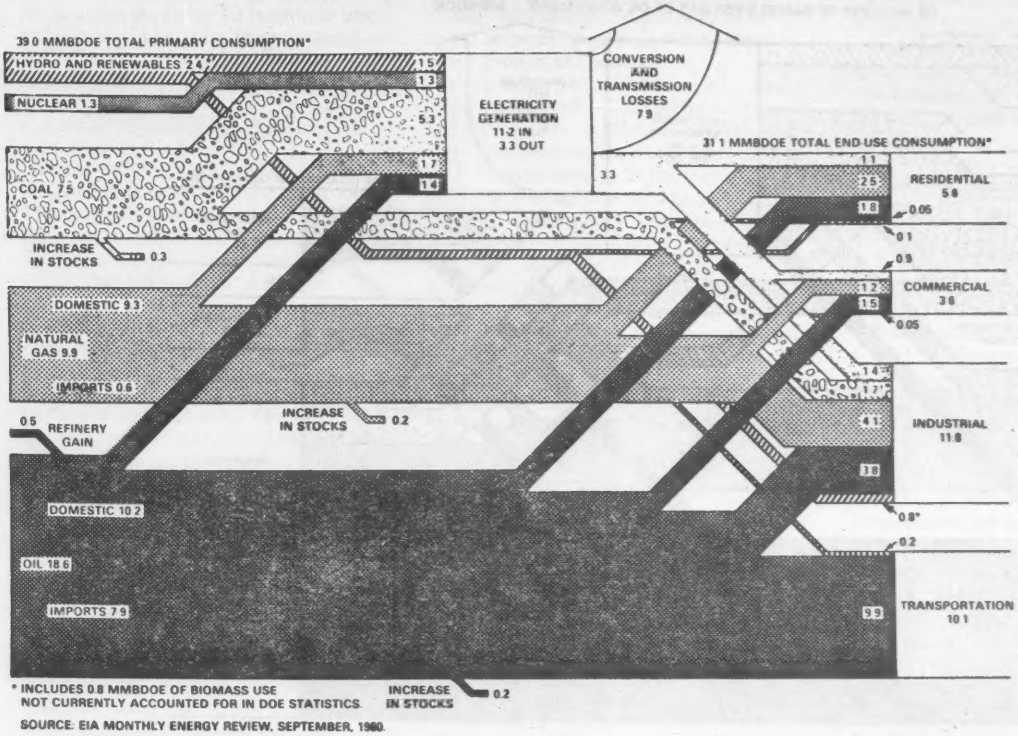
Figure 5. **U.S. ENERGY SOURCES AND USES IN 1979**
(IN MILLIONS OF BARRELS PER DAY OF OIL EQUIVALENT – MMBDOE)


39 0 MMBDOE TOTAL PRIMARY CONSUMPTION*
HYDRO AND RENEWABLES 2 4
NUCLEAR 1 3
COAL 7 5
INCREASE IN STOCKS 0.3
DOMESTIC 9 3
NATURAL GAS 9 9
IMPORTS 0 6
0 5 REFINERY GAIN
DOMESTIC 10 2
OIL 18 6
IMPORTS 7 9
ELECTRICITY GENERATION 11-2 IN 3 3 OUT
CONVERSION AND TRANSMISSION LOSSES 7 9
INCREASE IN STOCKS 0.2
31 1 MMBDOE TOTAL END-USE CONSUMPTION*
RESIDENTIAL 5 8
COMMERCIAL 3 6
INDUSTRIAL 11 8
TRANSPORTATION 10 1
* INCLUDES 0.8 MMBDOE OF BIOMASS USE NOT CURRENTLY ACCOUNTED FOR IN DOE STATISTICS.
INCREASE IN STOCKS 0.2

SOURCE: EIA MONTHLY ENERGY REVIEW, SEPTEMBER, 1980.

Figure 6.
PROJECTED U.S. ENERGY SOURCES AND USES IN 1985
(IN MILLIONS OF BARRELS PER DAY OF OIL EQUIVALENT – MMBDOE)

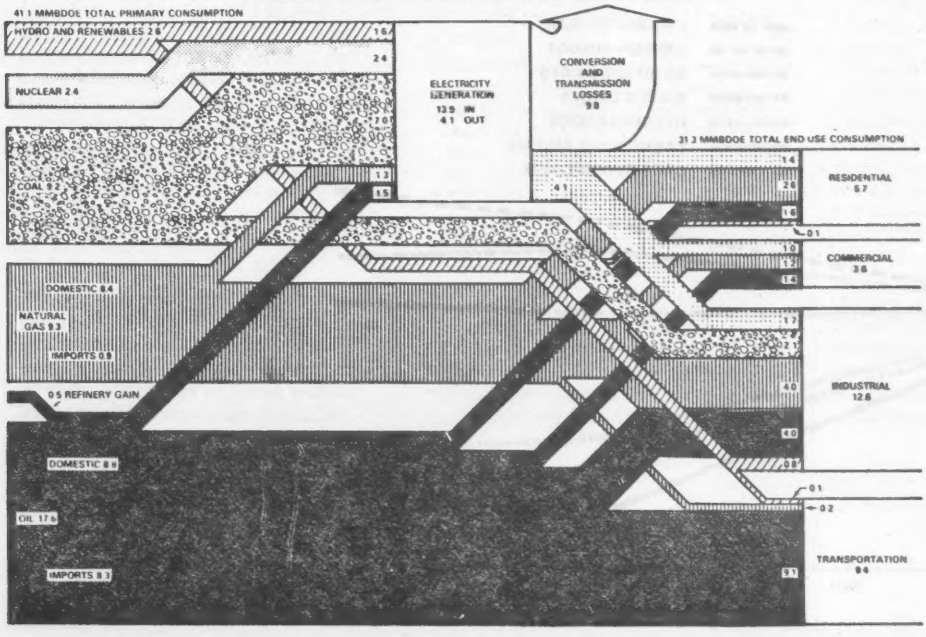

41 1 MMBDOE TOTAL PRIMARY CONSUMPTION
HYDRO AND RENEWABLES 2 6
NUCLEAR 2 4
COAL 9 2
DOMESTIC 8 4
NATURAL GAS 9 3
IMPORTS 0 9
0 5 REFINERY GAIN
DOMESTIC 8 8
OIL 17 6
IMPORTS 8 1
ELECTRICITY GENERATION 13 9 IN 4 1 OUT
CONVERSION AND TRANSMISSION LOSSES 9 8
31 3 MMBDOE TOTAL END USE CONSUMPTION
RESIDENTIAL 5 7
COMMERCIAL 3 6
INDUSTRIAL 12 8
TRANSPORTATION 9 4

Figure 7.

PROJECTED U.S. ENERGY SOURCES AND USES IN 1990
(IN MILLIONS OF BARRELS PER DAY OF OIL EQUIVALENT — MMBDOE)

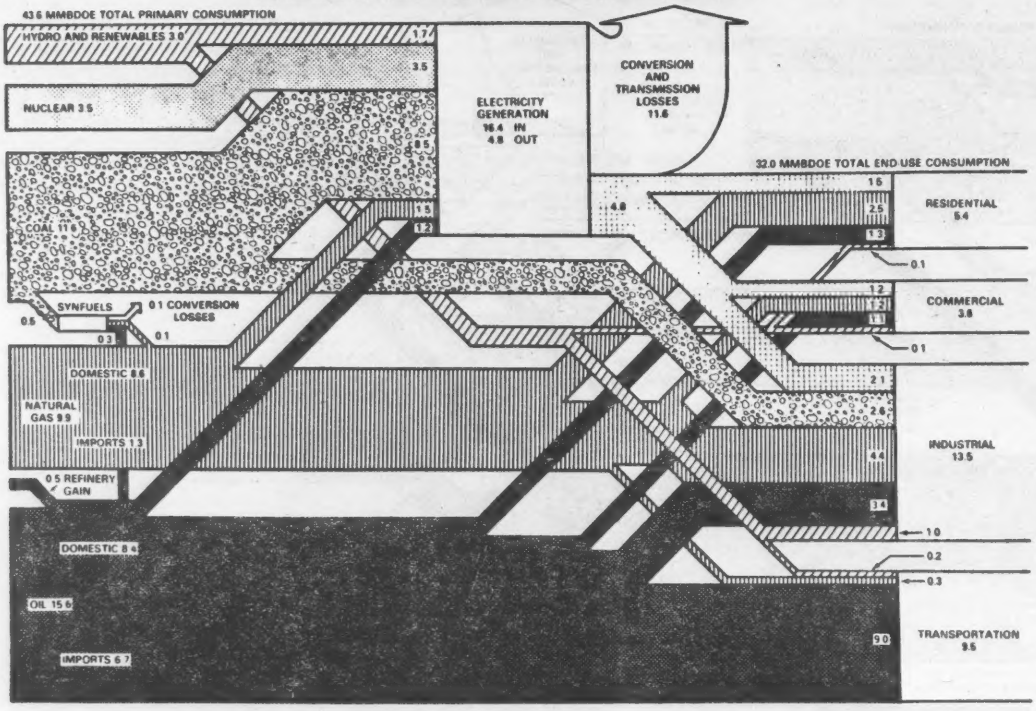
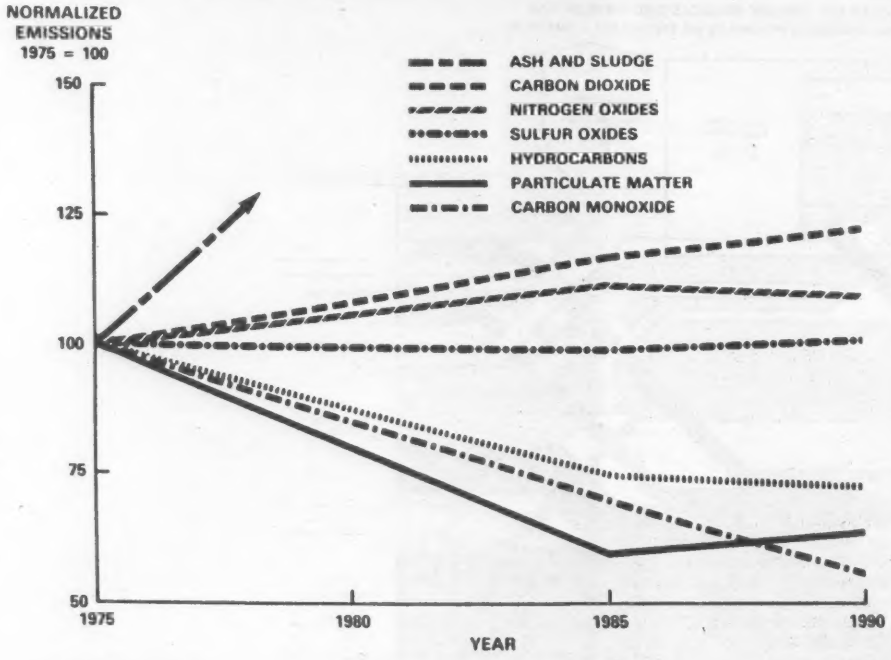


FIGURE 8. PROJECTED POLLUTANT EMISSIONS



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Some existing problems will continue. Emissions of oxides of sulfur (primarily from coal-fired utilities and industrial boilers) are projected to remain at about today's levels because improvements in pollution control will be offset by increases in coal use; nitrogen oxide emissions (from fossil fuel combustion) are expected to increase by about 10 percent over the period.

Some problems will increase, in part because of success in controlling others. The production of bottom ash, primarily from coal combustion, is expected to double as coal use increases and as suspended particulates are better controlled (and trapped in the ash). Similarly, scrubber sludge, which results from the control of sulfur oxides emissions, is projected to increase from insignificant quantities in 1975 to 31–45 million tons per year by 1990. Discharges of dissolved solids, primarily from coal mining and coal utility operations, are also projected to increase 60 percent to 80 percent over the period.

Because of the use of advanced water pollution control equipment, biochemical oxygen demand from energy sources is expected to remain low. Local water availability problems might arise as a result of energy development, especially in the arid west.

Of concern in the long run are pollutants whose effects are more subtle. Emissions of carbon dioxide, long thought harmless, are projected to continue to increase because carbon dioxide is the final product of combustion of any fossil fuel and because there are no known control technologies. There is considerable uncertainty concerning the long-term effects of carbon dioxide on the earth's temperature and climate, but problems in this century are unlikely.

This discussion summarizes an analysis of environmental trends associated with the base case energy projections.

Uncertainty and Vulnerability

All of these projections are subject to great uncertainty. There could be large changes in world oil prices (particularly in OPEC pricing behavior), which might alter the picture for better or worse. There might be new changes in the character or rate of GNP growth. There could be unexpected technological breakthroughs in energy production or energy saving. Oil and gas resources might be more or less abundant than these projections assume.

With respect to the level of oil imports, dependence on oil imports is not synonymous with vulnerability, nor does independence mean security. Reducing oil imports to the U.S. regardless of the cost of doing so can damage the economy, interfere with efficient use of the Nation's resources, lower our standard of living, and provide little additional security. The Nation's economy and national security would remain vulnerable to some degree even if all U.S. oil imports had been eliminated, because our allies would still depend on imported oil, and because we would still be participating in a world economy that would be affected by a major disruption. Vulnerability is an international problem.

The projections presented in this section assume no major disruption in international flows of oil. That assumption is necessary because, of course, it is impossible to predict when and where a disruption might occur, or how severe it might be. However, the U.S. must be prepared for the possibility of a major disruption.

IV. New Views of Energy Policy

New approaches will have to be taken to achieve fundamental improvements in the Nation's energy picture. The Administration believes that it is important to establish a set of guiding principles:

- The Nation's energy problems will be solved primarily by the American people themselves—by consumers, workers, managers, inventors and investors in the private sector—not by the Government.
- The Government's role is to establish sound public policies, based on economic principles, national security concerns, and a due regard for environmental values, so that individuals and firms in the private sector have the incentives to produce and conserve energy efficiently, consistent with the national interest.
- The Government's role is *not* to select and promote favored sources of energy. Doing so risks wasting the Nation's resources.
- Formulation of energy policy must be sensitive to the needs of the poor. But energy policy should not be used as an income transfer program. For example, holding energy prices down for rich and poor alike is an ineffective way to help the poor.
- Federal public spending for energy purposes should be limited to those areas where the private sector is unlikely to invest sufficiently, such as in high cost, long lead time technologies with substantial prospects of high pay-off. Public spending should not be used to subsidize domestic energy production and conservation since this buys us little additional security and diverts capital, workers and initiative from more productive uses elsewhere in the economy.
- The U.S. government should also take steps necessary to deal with potential disruptions in world oil markets. These steps include increasing strategic petroleum stocks and eliminating controls on oil which discourage the private sector from dealing with disruptions effectively.
- The level of oil imports per se is only a rough indicator of the Nation's progress in solving its energy problem. The welfare of the American people is inextricably linked to that of people in other countries, so the U.S. cannot insure its own security by a reckless attempt to eliminate imports.
- Energy is an international issue and so the American people have an interest in seeing that other countries establish sound energy policies.

A first, major step has been taken. On January 28, 1981, President Reagan ended the system of controls on the price of oil which for nearly a decade had discouraged both domestic production and conservation. But there remain numerous other barriers to the timely development and efficient utilization of our energy resources. Suggestions are sought from the public on these principles for resolving energy issues.

[FR Doc. 81-8625 Filed 3-19-81; 8:45 am]
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